

# EXHIBIT 3

# Akin Gump

STRAUSS HAUER & FELD LLP



December 14, 2015

**VIA ELECTRONIC DELIVERY**

The Honorable Fred Upton  
Chairman  
Committee on Energy & Commerce

The Honorable Frank Pallone, Jr.  
Ranking Member  
Committee on Energy & Commerce

The Honorable Timothy F. Murphy  
Chairman  
Subcommittee on Oversight &  
Investigations  
Committee on Energy & Commerce  
United States House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Diana L. DeGette  
Ranking Member  
Subcommittee on Oversight &  
Investigations  
Committee on Energy & Commerce  
United States House of Representatives  
2322A Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Upton, Chairman Murphy, Ranking Member Pallone, and Ranking Member DeGette:

On behalf of Volkswagen Group of America, Inc. ("VWGoA"), Volkswagen AG, and Audi AG (collectively, the "Company"), I write in response to your letter dated November 23, 2015 containing additional questions for the record regarding the October 8, 2015 hearing entitled "Volkswagen Emissions Cheating Allegations: Initial Questions." As you know, the Company remains committed to assisting the Committee on Energy and Commerce (the "Committee") in its inquiry, as it continues to work to develop solutions for its customers in the midst of internal and external investigations. To this end, please find enclosed the following initial responses to certain of the Committee's questions, which reflect the Company's present information and understanding:

December 14, 2015  
Page 2

Questions from Chairman Murphy

**Question 1: Mr. Horn, please describe your background with Volkswagen: a) When did you start as President of and CEO of Volkswagen Group of America? b) Prior to that, what was your involvement in the U.S. market?**

**Response:** Mr. Horn joined VWGoA as CEO and President in January 2014. Prior to January 2014, Mr. Horn served as the Global Head of After Sales at Volkswagen AG. This position at Volkswagen AG includes responsibility for the U.S. market.

**Question 2: Describe your basic function as CEO as it relates to Volkswagen's U.S. operations? a) What is your role in certifying the information provided to federal regulators, if any? b) If not you, who at VW Group of America certifies the information submitted to federal regulators?**

**Response:** VWGoA is the authorized U.S. importer of Volkswagen and Audi vehicles. The Chief Executive Officer is the highest ranking officer of VWGoA. VWGoA does not certify information provided to federal emission regulators. Volkswagen's Environmental Engineering Office ("EEO") formats, as appropriate, and forwards to federal emissions regulators information and material prepared by responsible departments of Volkswagen AG and Audi AG.

**Question 3: As CEO what weekly reporting do you receive relating to issues such as compliance issues or safety issues?**

**Response:** The CEO of VWGoA receives regular management briefings, which include information about quality, compliance, and safety matters, presented by VWGoA's Group Quality Department.

**Question 4: Please describe VW's operations in Auburn Hills, Michigan, and at the Oxnard, California facility, how the operations relate and reporting relationships to you and Germany.**

**Response:** The EEO in Auburn Hills, Michigan communicates with U.S. emissions regulators and trade groups on behalf of Volkswagen Group companies, including the manufacturers Volkswagen AG and Audi AG. The Oxnard, California facility is a testing center capable of conducting certification level emissions testing for U.S. state and federal standards. Activities at both locations are conducted pursuant to a service

December 14, 2015  
Page 3

agreement between VWGoA and Volkswagen AG and annual operating plans or project orders from Volkswagen AG, Audi AG or other Volkswagen Group manufacturers.

**Question 5:** In your testimony before the Committee, you stated that you learned of the defeat device subject to the September 18, 2015 Notice of Violation shortly before a September 3, 2015 meeting with the EPA and CARB where VW admitted the existence of the defeat device. a) Who informed you of this information? b) Were you provided with an explanation as to why it had not been previously disclosed? If so, please explain.

**Response:** VWGoA understands that, to the best of Mr. Horn's recollection, he was informed of this information at a meeting with counsel shortly before the September 3, 2015 meeting with the EPA and CARB. In addition, around August 21, 2015, Mr. Horn was forwarded an email in which the term "defeat device" was used. That email was sent from Annette Hebert at CARB to EEO. Mr. Horn does not recall being provided with any explanation as to why it was not previously disclosed.

**Question 6:** In May 2014, independent researchers published a report that first identified higher than expected on-road emissions in VW vehicles, prompting investigations by CARB and EPA. a) When did VW become aware of this research? b) What steps did VW take to evaluate the conclusions of the research? c) Where was this done or who was responsible for this?

**Response:** Volkswagen became aware of the West Virginia study sometime in April or May of 2014. With respect to the other aspects of the question, these matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 7:** EPA and CARB both described a series of presentations or discussions with VW in the wake of this research in May 2014. a) Who from VW was interacting with the EPA and CARB? Were those individuals part of VW of America, VW AG or both? b) What did VW of America understand about the cause of the higher on-road emissions between May 2014 and the voluntary recall in December 2014?

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects

December 14, 2015  
Page 4

of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 8: In December 2014, VW conducted a voluntary recall that at least in part sought to address the higher on-road emissions in MY2009-MY2014 vehicles subject to these allegations. a) Who was responsible for developing the technical solution implemented in December 2014? b) What role did VW of America have in developing and validating that solution? c) At that time, did you or anyone in VW of America have any knowledge of the alleged defeat device? If so, why did you not fix it at that time?**

**Response:** The technical solution implemented as part of the December 2014 voluntary recall was developed by the Powertrain Development Department at Volkswagen AG in Germany. With respect to the other aspects of your question, these matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 12: Press reports suggest that VW installed this software in 2008 because the company could not balance emissions standards and cost controls. a) Is this true and if so, who was responsible for these decisions? b) This software appears rather sophisticated and complex, yet the company could not figure out how to control emissions during on road testing to meet emissions standards? c) This apparently went on years - if the company knew the vehicles did not meet emissions standards, why was it allowed to persist for so many years? Did the company make any effort to develop solutions to bring the vehicles into compliance?**

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

December 14, 2015  
Page 5

**Question 14: The alleged "defeat device" was initially installed in vehicles with NOx traps but later migrated to future generations of vehicles. Please explain the three different generations of vehicles. a) If VW took the step of installing more effective and proven NOx reduction technology - selective catalytic reduction (SCR) - in second and third generation vehicles included in this alleged violation, why did it need to include the defeat device in these vehicles? i) Were these vehicles unable to meet emissions standards, even with this more proven technology? ii) Is this true for all generations of vehicles that include the SCR technology?**

**Response:** There are three generations of subject 2.0L TDI vehicles.

- **Generation 1** These vehicles contain the EA189 engine and include the following model year vehicles: 1) the 2009 Jetta and Sportwagen; 2) the 2010-2011 Golf, Jetta, Sportwagen, and Audi A3; and 3) the 2012-2014 Golf, Jetta, Sportwagen, Beetle, and Audi A3.
- **Generation 2** These vehicles also contain the EA189 engine and include 2012-2014 model year Passat vehicles.
- **Generation 3** These vehicles contain the EA288 engine and include the 2015 Passat, Golf, Jetta, Sportwagen, Beetle, and Audi A3 model year vehicles.

With respect to the other aspects of the question, these matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

Question from The Honorable Morgan H. Griffith

**Question 1: Would you please notify the committee of any and all offers the company makes to impacted VW diesel customers?**

**Response:** On November 9, 2015, VWGoA and Audi of America provided Volkswagen and Audi 2.0L TDI customers a goodwill package as a first step to restoring trust and to thank them for their patience as the Company works to develop approved remedies. The package included a \$500 prepaid Visa card, another \$500 for use at a dealership, and three years of 24-hour Roadside Assistance. The Company remains

December 14, 2015  
Page 6

committed to assisting the Committee in its inquiry, and it will continue to keep the Committee informed as it works to develop solutions for customers.

Questions from The Honorable Yvette Clarke

**Question 1: During the hearing, you stated that there was “a group of rogue software engineers in Germany” who developed and disseminated the defeat device. When did Volkswagen become aware of this “group of rogue software engineers?”**

**Response:** While Mr. Horn did not specifically state that “a group of rogue software engineers in Germany” developed and disseminated the defeat device, with regard to the development of the software and the knowledge of others in the Company, these matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 2: How did Volkswagen become aware of this “group of rogue software engineers?”**

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 3: Please provide us with the names, location, and contact information for this “group of rogue software engineers.”**

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.



**Akin Gump**

STRAUSS HAUER & FELD LLP

December 14, 2015

Page 7

**Question 4:** If your claim is true that this defeat device is attributable to “a group of rogue software engineers,” then these software engineers would possess an extremely high acumen for subterfuge. How did this “group of rogue software engineers” manage to circumvent their Volkswagen coworkers, management, internal auditors, and whoever else is responsible for verifying performance results? How did “the group of rogue software engineers” manage to develop and disseminate the defeat device without anyone else knowing about it?

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 5:** Do you believe that what your company did was unfair to both the consumer and the rest of the auto industry in the United States?

**Response:** On numerous occasions, VWGoA has apologized to its customers and to the public on behalf of the Company. Volkswagen remains committed to providing a remedy for consumers, and to restoring the trust of its customers, dealerships, employees, the regulators, and the American public.

Question from the Honorable Gene Green

**Question 1:** The Steering Committee of VW's Supervisory Board met on Wednesday, September 25, 2015 to discuss preliminary findings of an internal probe into the scandal. What were the preliminary findings of VW's Steering Committee?

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.



December 14, 2015  
Page 8

Questions from the Honorable Paul D. Tonko

**Question 1: After VW was impacted by an issue involving the use of a defeat device in 1974, what measures were taken by the company to ensure there was more oversight of the potential for a defeat device application? Is there a corporate measure in place to address defeat devices?**

**Response:** These matters are currently under active investigation. As the Committee is aware, the Company is conducting investigations on a world-wide scale into all aspects of the emissions issue. While these thorough investigations have already begun, any information developed at this stage is preliminary. The Company asks for your continued understanding as it completes the work necessary to determine the answers to these important questions.

**Question 2: What explanation was given to consumers about why VW's December 2014 recall was necessary?**

**Response:** The vehicle owner communication related to the December 12, 2014, "Emissions Service Action 23N5 – ECM Software," included the following:

**“What is the issue and what will we do?** Some vehicles may experience exhaust turbocharger failure (under extreme cold weather conditions) in a brief time period after initial vehicle start up. This condition could cause a MIL ON and possible vehicle performance problems. To diminish this condition Volkswagen will momentarily decrease vehicle turbocharger boost pressure only during extreme cold start parameters to assure necessary turbocharger performance.

In addition, the vehicle’s engine management software has been improved to assure your vehicle’s tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle’s MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.”

\* \* \*

Information provided in connection with this inquiry may contain confidential business information, and the Company expressly requests protection of that information. Further, production of the enclosed information is not intended to constitute a waiver of the attorney-

December 14, 2015  
Page 9

client, attorney work product, or any other applicable rights or privileges in this or any other forum, and the Company expressly reserves its rights in this regard. Moreover, information and data produced in connection with this inquiry may contain material non-public information that should be kept confidential. In light of these concerns, I would therefore ask that Committee staff provide me with advance notice and an opportunity to be heard if, notwithstanding my request that such materials and information be kept confidential, the Committee discloses any such materials or information.

As discussed with Committee staff, the Company looks forward to continuing to work with the Committee in a cooperative manner.



Steven R. Ross  
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